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CONSIDERATION OF ISSUES ARISING FROM THE WORK PROGRAMME OF THE AD HOC WORKING GROUP

(c) Market opportunities (trade measures, implications of regional integration arrangements)

Report by the UNCTAD secretariat

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INTRODUCTION AND SUMMARY

1. Under the work programme adopted at its first session, the Ad Hoc Working Group on Expansion of Trading opportunities for Developing Countries is to analyse and identify product and export market opportunities which are a consequence of a number of developments. At its second session, the Group had before it a report by the UNCTAD secretariat (TD/B/WG.4/6) which examined three aspects of market opportunities, namely environmental measures, structural adjustment policies and restrictive business practices. This report will take up two other aspects identified by the Group, namely trade measures and regional integration arrangements. The last remaining aspect comprising the examination of the issue of market opportunities concerns the Uruguay Round will be presented to the Group as a CRP document to make it possible to treat the latest developments in that field.

(a) Tariff and non-tariff measures

2. In spite of a reduction in the general level of tariffs high tariffs, in particular on products or entire sectors of export interest to developing countries, remain a serious problem of access to markets in developed countries. Peaks in MFN tariffs applied in some developed countries are very high on products for which market shares and values in imports from developing countries are substantial. Even in instances where developing countries benefit from GSP, the rates on a number of products remain high, although under other preferential arrangements the situation with respect to high tariffs is better. Substantial imports from developing countries face high tariffs in developed market-economy countries, in particular the three major among them, with rates exceeding 30 per cent or even 50 per cent. This gives an indication of the potential incentives to exports from developing countries that would result from cuts of MFN tariffs or that would benefit from improvements under the GSP schemes.

3. Escalated structure of tariffs in the major markets is also a major constraint for export expansion of products from developing countries. The reduction of high tariffs applied to imports of semi-processed or finished goods is essential to the attainment of the objective of increased exports of domestically processed goods that are at present exported mainly in their raw or low-processed form. While tariff escalation also exists in many of the GSP products, it is far less than what it would be without the GSP. Products most affected by escalation in the agricultural sector are fruits and some kinds of meat; tropical beverages and cocoa products are affected by escalation in four of the five markets under consideration, as well as oilseeds and tobacco. Products in the fishery, leather and forestry sectors are also in general affected by escalation. But a clearer case of escalation is observed in the textile sector, where tariffs escalate steadily in all five markets.

4. Expansion of trading opportunities for developing countries also depends heavily on liberalization in the area of non-tariff measures. Restrictive non-tariff measures act as an insurmountable barrier to any increase of exports regardless of the degree of tariff liberalization achieved by the importing country. Non-tariff measures can also amplify the import restrictive effect of tariff escalation. While liberalization in this area has been extensively achieved in many developing countries on a

non-discriminatory basis, similar actions by developed market-economy countries have been modest in scale. Non-tariff measures of various kinds are still being applied in the developed countries, in many instances to respond to the desire to protect domestic industries from increased imports originating among the more competitive sources. Non-tariff measures applied by industrialized countries fall heavily on sectors and products of export interest to developing countries.

5. In 1992, around one-third of agricultural imports from developing countries and China were subject to restrictive non-tariff measures applied by developed market-economy countries. Access for products in this sector, with its very significant trade expansion potential, is severely hampered through a panoply of trade-policy measures and regulations. These restrictions are often used to give preference to national producers in domestic markets and to ensure that prices in these markets are maintained at fixed levels. A matter of concern to developing countries is the high level of support for the agricultural sector in developed countries, which places developing country suppliers in a much less favourable competitive position. Also contributing are the numerous anti-dumping and countervailing actions by several developed countries which hamper exports in this sector. Calculations by the secretariat indicate high coverage ratios of non-tariff measures affecting imports of textile and clothing products from developing countries. While only a small fraction of the textile trade among developed countries is subject to restraints, a large amount of imports of textiles and clothing from developing countries are subject to restrictive measures in developed market-economy countries. The phasing out of the MFN and the integration of trade in the textile and clothing sectors into the disciplines of the General Agreement, considered by developing countries to be a high priority issue in the Uruguay Round, may provide these countries with enlarged opportunities for expansion of their textile exports. However, they fear that the modalities of the transition period may lead to the continuation of another decade of export restraints on important products. In the steel sector, high levels of protection afforded to the domestic industry in some developed countries may persist in the form of anti-dumping and countervailing actions, many of them against imports from developing countries. Such measures may seriously hinder the expansion of trading opportunities for developing countries. Strengthened disciplines which may be agreed upon with regard to these issues in the Uruguay Round are of particular relevance for these countries and a requisite for increasing their trade prospects.

(b) <u>The role of the GSP in expanding trading opportunities</u>

6. The GSP represents the greatest tariff concession ever granted to developing countries in developed country markets. In more than two decades of operation, it has proved to be a valuable trade policy instrument for the expansion of exports of developing countries. In 1991 a total of US$ 68 billion of exports from these countries actually benefited from the low or zero tariff reductions in OECD preference-giving country markets. This preferential trade has been increasing at an average annual rate of 14.5 per cent since 1976, when all major schemes were in operation. In comparison, total imports from the same developing countries increased at an average rate of 8 per cent annually. The growth in GSP trade resulted not only from the increase in exports of traditional products but also from the

development of export capacity in non-traditional products. The proliferation of regional trading arrangements, the granting of beneficiary status to countries in transition and the MFN cuts which would result from a successful conclusion of the Uruguay Round are likely to reduce the effectiveness of the GSP as a tool to further increase exports from developing countries. For this reason a drastic improvement of the GSP advantages is in order. First, preferences should be extended to all products of export interest to developing countries, in particular in the textile, leather and agricultural sectors. Second, where applicable, duty-free treatment on all covered products should be the norm. Third, a priori limitations should be reduced if not completely eliminated. Fourth, the rules of origin should be further simplified and liberalized. Finally, the effectiveness of the GSP would be further enhanced through a judicious removal of non-tariff measures affecting GSP products.

(c) Implications of regional integration arrangements

7. There has been a rapid extension and intensification of regional integration arrangements throughout all regions, including the fast extension of groupings formed around major trading nations, the emergence of mixed arrangements between developing countries and their major trading partners, and a revival of integration among developing countries. These new developments are likely to exert a major impact on world trade and economic cooperation. Chapter II focuses on an examination of the possible implications of major regional integration arrangements on the export market opportunities of developing countries, including the North American Free Trade Agreement (NAFTA), the creation of a single market by the European Community, EC's Europe Agreements with certain Central and Eastern European countries in transition, and various integration groupings among developing countries.

8. The analysis evaluates first the effects of such groupings on trading opportunities of developing countries which participate in them. Then, on the basis of various available outside studies and estimates, Chapter II reviews the likely external effects of such arrangements, such as to what extent accelerated growth within groupings may also create new trading opportunities for developing countries remaining outside the arrangements, or to what extent improved productivity and efficiency of producers inside groupings may render competition more difficult for groupings or world markets.

9. Ideally, regional integration schemes consistent with the multilateral trading system would promote intraregional trade and, through higher economic growth, also stimulate trade with third countries. Hence, new export opportunities would be created for economies inside and outside such arrangements.

10. The export opportunities for developing and other countries outside of regional arrangements are highly dependent on the openness of regional integration schemes. The elimination of intraregional barriers should be accompanied by the reduction or removal of barriers in trade with third countries. Hence, regional and multilateral approaches should be complementary. In the context of such "open regionalism", intraregional trade expansion would not come at the expense of trade with non-members.

11. Inward-orientation of regional arrangements, on the other hand, carries the risk that trade diversion effects will predominate and thus affect adversely the trading opportunities of the non-member countries.

12 Developing countries which form free trade arrangements with developed countries can benefit significantly from guaranteed access to a large market (provided they have the supply capability to compete), as well as from possible increased direct foreign investment and faster technological diffusion. Integration arrangements among developing countries can also serve as a vehicle to promote export opportunities of member countries at the regional level. The ongoing reforms of developing-country integration groupings, in combination with national policy reforms in member States to strengthen the competitiveness of their export supply capabilities, will provide a new impetus to trade, production and investment in these regional groupings.

13 Experience has shown that without formal arrangements, "business-led" regional integration can stimulate intraregional trade and exports to the world market by building production networks which make efficient use of different resource endowments of countries in the region, and thereby promote an efficient division of labour, both at the regional and international level. Relatively open and transparent trade and foreign investment regimes are indispensable for countries which seek to participate in business-led integration processes that can expand their trading opportunities.

Chapter I

TRADE MEASURES

14. With respect to trade measures the Ad Hoc Working Group will:

- identify trade opportunities for developing countries arising from the liberalization of measures which impede the access of their exports to markets;

- identify products of export interest to developing countries with high tariffs, and tariff escalation, and which are not included in preferential schemes; the possibilities for their inclusion in such schemes will be considered;

- consider the role of the GSP in expanding the trading opportunities of developing countries, with a view to improving it, including its utilization;

- consider various non-tariff measures with a view to suggesting priorities so as to guide further work on these matters in expanding the trading opportunities for developing countries.

A. Tariff and non-tariff measures

1. High tariffs

15. It is a widely acknowledged fact that the role of tariffs as an instrument for protecting domestic products from importation from foreign countries has declined in favour of other, more subtle forms of protection. Average tariff rates on manufactured products in developed market-economy countries have been reduced through seven rounds of multilateral trade negotiations, from around 40 per cent at the end of World War II to some 5 per cent at present. However, high tariffs, in particular on products or entire sectors of export interest to developing countries remain a serious problem of access to some of these markets. Export expansion opportunities might be considerably enhanced by the lowering of high tariff rates applied to those products. Improved market access with respect to tariffs can be achieved either through reduction of tariffs on a MFN basis or through improvement, in product coverage and margins, of preferential schemes. MFN tariff reductions are obtained by negotiations, therefore calling for reciprocal concessions which developing countries may not always be able to grant. The reductions are of a permanent nature and may be modified upwards only through renegotiation of concessions with the principal suppliers of the products in question. On the other hand, excepting the cases of regional preferential trading arrangements, reduced tariff rates granted on a preferential basis are, by their nature, unilateral undertakings; they do not involve reciprocity, however, and therefore suit the needs of developing countries. As will be seen below, these unilateral preferences need to be improved if they are to be effective.

16. To assist the Working Group in identifying product and export market opportunities, the secretariat has made a selection of some 860 products

imported from developing countries into four developed market-economy countries (Canada, Japan, Sweden and the United States) and the European Economic Community. 1/ These products are subject to MFN tariffs of 10 per cent or more and are not covered by the GSP schemes of these countries or, if covered, non-zero GSP rates apply. This selection takes into account two additional criteria: products for which developing countries have a market share of at least 50 per cent, with imports from these countries totalling at least US$ 10 million (US$ 5 million and US$ 1 million for Canada and Sweden, respectively). A list of products included in the selection of interest to developing countries in general, for which improved market access would lead to expansion in exports, is shown in table I in the annex, with an indication of the main suppliers of the products and whether they are covered by other preferential schemes. 2/

17. High MFN tariffs in developed market economy countries are applied to particular sectors in which developing countries have an export interest and a potential for trade expansion. For the products selected according to the criteria mentioned above, sectors most affected by high tariffs include footwear, textiles and clothing and textile made-up articles, leather articles, travel articles, articles of base metals such as tableware and kitchenware and toys. Within the agricultural sector, products generally affected by high tariffs include meat and fish products, vegetables and fruit (fresh, prepared and fruit juices), honey and cut flowers. Peaks in MFN ad valorem, or equivalent ad valorem tariffs applied by the EC to products for which market shares and values in imports from developing countries are substantial, affect products such as tobacco refuse (52 per cent duty), rum and taffia (32 per cent), caviar (30 per cent), natural honey (27 per cent) and prepared or preserved meat of bovine animals (26 per cent). Tariff peaks for imports of selected products in the United States exist on certain footwear (31, 37, 48, 53 and 58 per cent duty), orange juice (40 per cent), clothing (duties up to 35 per cent), glassware (30 per cent), tableware and kitchenware of porcelain or china (26 per cent), fresh asparagus (25 per cent), grape juice (24.5 per cent), forks (22 per cent), scissors (20 per cent) and handbags, trunks, suitcases, bags, etc. (20 per cent). In Japan, such very high tariff rates are applied to imports of cane molasses (53 per cent), fresh bananas (40 per cent), cocoa powder (35 per cent), certain rice products (35 per cent), honey (30 per cent), orange juice (30 per cent), sports footwear (27 per cent), roasted or prepared groundnuts (25 per cent), extracts, essences of coffee (24 per cent), etc. Textiles, apparel items and clothing accessories are subject to tariffs of up to 25 per cent in Canada, while in Sweden, whose tariff structure has relatively low rates, as does that of other Nordic countries, the highest tariffs of 15 per cent are applied to clothing items and mushrooms; duties of 14 per cent are applied to footwear.

18. However, even in instances where developing countries benefit from GSP preferential treatment, preferential rates on a number of products remain high. For instance, GSP rates are 25 per cent on honey, 17 per cent on meat preparations and 12 per cent on caviar in the EEC, 16 per cent on gloves in the Canadian scheme, and 15 per cent on coffee extracts, 13.5 per cent on sports footwear and 12 per cent on bananas in Japan. Under preferential arrangements other than the GSP the situation with respect to high tariffs is better. In the EC market ACP, Andean and Central American countries enjoy

duty-free preferential access covering a large range of products except, for example, rum and taffia, certain fish, fresh grapes and wine. In the United States, duty-free preferential access is given to a number of developing countries under the Caribbean Basin Initiative and the Andean preferences with the exception of products in the textile, leather and footwear sectors. Canada allows duty-free entry for a number of products with high tariffs imported from the Commonwealth Caribbean Countries. Gloves of leather, rubber or plastic material, mushrooms, some articles of base metals and telephone sets are among products with high tariffs covered by this arrangement. Finally, the group of Least Developed Countries enjoys duty-free or reduced tariff access in most of the developed market-economy countries.

19. High tariffs can be a factor inhibiting trade for products facing high tariffs not included in the above selection, for which developing countries have nevertheless an export potential because of their comparative advantages or acquired competitiveness. Identification of specific products with high tariffs and with little or no imports from developing countries as being of potential export interest for them in general is comewhat complex. Individual developing countries might, however, attempt such an identification, for instance by comparing their structure and composition of exports to various markets, or by examining that of "comparable" countries (with regard to production patterns, level of industrialization, geographical vicinity, etc.).

20. Table II in the annex shows that imports of the selected products having high MFN duties from developing countries into the five markets amounted to some US$ 61.2 billion in 1988 (1989 in the case of the United States), or 14.6 per cent of the value of all imports from developing countries into the five markets. The table also shows that substantial imports from developing countries face high tariffs in developed market-economy countries, in particular the three major ones with rates exceeding 30 per cent or even 50 per cent. This gives an indication of the potential increase of exports from developing countries that would result from cuts of MFN tariffs or that would benefit from improvements under the GSP schemes. 3/ The figures in the table, combined with table III in the annex, which shows the number of selected items imported from developing countries within each tariff range, can also give an indication of the products for which tariff liberalization may be sought. For instance, a tariff cut or a GSP improvement by Japan in one single item, bananas, would affect most of the US$ 470 million of imports of the three items falling in the tariff range between 30.1 and 50 per cent. Tariff reductions by the United States for only two footwear items with tariffs over 50 per cent would affect more than US$ 90 million of trade. Imports of around US$ 10 billion would be involved if tariff cuts were made in footwear and clothing items covered by most of the 63 tariff lines that have MFN rates exceeding 20 per cent. In the EEC, the 32 selected items with applied MFN rates of over 20 per cent are agricultural products for which imports in 1988 exceeded US$ 1,550 million. Imports worth US$ 64 million of a single item - prepared pineapples - are subject to a duty rate between 30.1 and 50 per cent.

2. Tariff escalation

21. Escalated structure of tariffs in the major markets is also a major constraint for export expansion of products from developing countries. Tariff escalation may inhibit imports of products at higher stages of the production chain, thus discouraging the processing of indigenous raw materials into semi-manufactured or finished products.

22. Increased exports of domestically processed goods which are at present usually exports in their raw or low-processed form is one of the main objectives of developing countries. One important factor for the attainment of this objective is the reduction, by the main importing country markets, of high tariffs applied to imports of semi-processed or finished goods which in fact may result in higher rates of effective protection for their processing activities than what is indicated by their nominal tariffs.

23 The examination of the structure of tariffs applied to selected products at increasing stages of processing, as shown in table IV in the annex, provides an indication of tariff escalation for products of export interest to developing countries. For each raw, semi-processed and processed product, simple averages 4/ of MFN rates and rates applicable to imports from GSP beneficiaries 5/ are shown. While tariff escalation also exists in many of the GSP products, it is far less than what it would be without the GSP. The averages in the table suggest that imports from developing countries may be restrained because of escalation of tariffs, particularly in the EEC and Japan, while it appears that there is not such a hindrance with regard to many of the selected products in Sweden, in particular when duties applicable to GSP beneficiaries are considered. In the United States, escalation can be sharp in a number of instances but, as in Canada, it is in general less pronounced than in the two other major markets.

24 Evidence of tariff escalation is shown in the table for all products, in several instances for all five importing markets. Products most affected by escalation in the agricultural sector are fruits and some kinds of meat for which tariffs on the processed products may be around 18, 12 and 28 percentage points higher than the primary product in the EEC, Japan and Canada, respectively. Tropical beverages and cocoa products are affected by escalation in four of the five markets, as well as oilseeds and tobacco, for which the degree of escalation is quite high. Fishery products and the leather sector are also in general affected by escalation, as are forestry products, at least with regard to MFN rates. But perhaps the clearest case of escalation is observed in the textile sector, except for GSP treatment in Japan, which provides for zero-duty access, where tariffs escalate steadily in all five markets.

3. Prospects for elimination or reduction of trade measures

25. At the Tokyo Summit attended by heads of state of seven major industrial countries in July 1993, the progress made in the area of market access in goods and services was announced as a step toward resumption of the multilateral trade negotiations of the Uruguay Round. Among the elements of

the agreement reached at the Summit regarding trade in industrial goods included the identification of product sectors for complete elimination of tariff and non-tariff measures and for harmonization of tariffs at low rates. Sectors for which total liberalization was envisaged include pharmaceuticals, construction equipment, medical equipment, steel, beer, furniture, agricultural equipment, and distilled spirits. The chemical sector was proposed for harmonization of tariffs at low rates, and some at zero rates. Additional sectors were proposed for total liberalization or harmonization of tariffs, including paper, scientific equipment, wood, ceramics and glassware (liberalization) and textiles, non-ferrous metals and fishery products (harmonization). With regard to tariffs of 15 per cent or more in industrial products, the objective of a 50 per cent cut was set and for other products tariffs would be reduced by an average of at least one-third, with possible reductions of more than one-half in some cases. 6/

26. More than US$ 18.5 billion of imports from developing countries, or 20 per cent of imports from all sources, into the five markets (Canada, EEC, Japan, Sweden and the United States) were covered in 1988/89 by the sectors identified at the Summit for full liberalization. Dutiable imports of products in these sectors totalled US$ 11.5 billion, of which 82 per cent were covered by the GSP. MFN tariff liberalization would affect developing countries as a whole, one way or another, in particular in the wood, steel, paper, ceramics, furniture and glassware sectors, for which imports from these countries are substantial, and with relatively important market shares. While liberalization may provide increased export opportunities to some developing countries that are able to compete with other suppliers on an MFN basis, other developing countries may be disadvantaged with regard to market access because of the loss in preferential margins for specific products within the sectors. Many of these products in all sectors are indeed covered by the GSP schemes, many of them at duty-free rates, which gives a hint as to what extent GSP margins might be eroded. Table V in the annex shows that preferential margins are substantial, in particular in the three major markets. For the five markets taken together, imports only three sectors (steel, ceramics and glassware) are not completely covered by GSP and thus MFN tariff liberalization could result in an increase of exports from developing countries. In the steel sector, 76 per cent of imports from these countries are covered by GSP, 81 per cent in ceramics and 85 per cent in the glassware sector. Table V in the annex shows, for each selected market, the value of imports from developing countries involved in each sector, with the corresponding averages of MFN duties and of duties applicable to beneficiaries of GSP treatment.

27. Sectors proposed for tariff harmonization at lower rates exceeded US$ 93 billion of imports in 1988/89 from developing countries (or around 40 per cent of imports from all sources) into the five developed market-economy countries considered, of which nearly US$ 80 billion were dutiable, more than half being products covered by the GSP. The bulk of imports from developing countries in all sectors proposed for harmonization are in the textile sector, for which tariffs exceeding 20 per cent are applied in some countries, in particular on fabrics and made-up articles. Nearly US$ 11 billion in imports from developing countries fall in this range of

tariffs; when imports facing tariffs higher than 15 per cent are considered, the figure rises to US$ 18 billion. This amount of textiles trade would benefit should tariffs be reduced to a hypothetical lower rate of 15 per cent. Harmonization in the non-ferrous metals and fishery sectors, for which imports from developing countries are US$ 11.5 billion and US$ 13.4 billion, respectively, and which have substantial trade not covered by the GSP (about one-half and one-fourth in each sector), can also benefit from reduction of high tariffs, especially on fishery products. A relatively large volume of imports in the chemical sector originates in developing countries, almost 80 per cent covered by the GSP. Because of this high GSP coverage, export increases following tariff reductions would thus be lesser than in the other sectors proposed for tariff harmonization.

4. The role of non-tariff measures

28. Increased exports from developing countries following reduction of tariffs by importing markets depend on a variety of factors, as noted in paragraph 6 (footnote 3) above. However, restrictive non-tariff measures act as an insurmountable barrier to any increase of exports, whatever the degree of tariff liberalization achieved by the importing country. Non-tariff measures can also amplify the import restrictive effect of tariff escalation on products at higher levels of the processing chain. An illustration of the incidence of various categories of non-tariff measures on products facing high tariffs for which an increase of exports from developing countries may be possible through tariff cuts is shown in the table below.

Trade coverage ratios of non-tariff measures applied to imports from developing countries of products facing high tariffs

(ratios in per cent)

Importing market	Imports ($ million)	Non-tariff measures coverage					
		Broad definition	Narrow definition	Quantitative restrictions			
				All QRs	NAL/ Quotas	Textile restr.	VERs
Canada	2 676.9	48.9	44.8	44.8	43.6	37.0	0.0
EEC	23 128.1	71.9	70.9	68.5	22.5	43.4	9.1
Japan	10 927.0	13.8	13.2	13.1	13.0	0.0	1.2
Sweden	240.1	73.3	1.6	1.6	1.6	0.0	0.0
United States	24 194.3	71.7	69.4	69.4	0.0	64.9	4.5

The table shows that around 70 per cent of imports of the selected products with high tariffs are also subject to restrictive NTMs in two of the major markets considered, the EEC and the United States. In the EEC and Canada,

restrictions on textile imports and non-automatic licensing or quotas account for most of the NTMs affecting their imports of the selected products, while restraints under the MFA or similar textile restraints are applied in the United States on 65 per cent of its imports of the selected products. Much lower NTM coverage ratios are observed in Japan and Sweden, as these countries do not maintain import restrictions on textile products which account for a large part in the selection of products facing high tariffs imported by those countries.

29. Expansion of trading opportunities for developing countries depends heavily on liberalization in the non-tariff measures area. While such a liberalization has been extensively achieved in many developing countries on a non-discriminatory basis, similar actions by developed market-economy countries have been modest in scale. 7/ Non-tariff measures of various kinds are still being applied in the developed countries, in many instances to respond to claims for protection of domestic industries from increased imports originating in more competitive sources. Such actions have been widespread in recent years and consist mainly of measures falling outside the GATT safeguard mechanism (the so-called grey area measures) and of measures affording administrative protection such as anti-dumping and countervailing actions.

30. Non-tariff measures applied by industrialized countries fall heavily on sectors and products of export interest to developing countries. Around one third of agricultural imports from developing countries and China was subject in 1992 to restrictive non-tariff measures applied by developed market-economy countries. 8/ The dismantling or mitigation of such restraints is a long-standing expectation of developing countries. Access for products such as meat, grains, fruit, oilseeds, fishery and foodstuffs, among other agricultural products for which there is a very significant trade potential, is severely hampered through a panoply of trade policy measures and regulations. These restrictions, which often respond to non-economic considerations, are used to give preference to national producers in domestic markets and to ensure that prices in these markets are maintained at fixed levels. For instance, in most developed countries, imports of meat are subject to one or more trade measures such as monitoring, quantitative restrictions, licences, tariff quotas, variable levies and stringent health and sanitary regulations. In the United States, under Section 22 of the Agricultural Adjustment Act, as amended, which is a waiver of GATT maintained since nearly four decades, quantitative restrictions are applied on imports of certain dairy products, peanuts and certain cotton products. The system of quotas on imports of sugar was superseded in 1990 by a tariff quota system with quantities above the quota attracting duty rates significantly much higher than duties under the quota. In the European Community, variable levies, reference prices, seasonal tariffs, tariff quotas, quotas, licensing and surveillance measures affect imports of a wide variety of agricultural products. In addition, Community-wide controls on imports to replace national import regimes following the achievement of the Single Market, such as the regimes for bananas and canned tuna, are likely to hinder prospects for increased exports from some developing countries. In Japan, quantitative restrictions are applied on imports of agricultural products such as fish, crustaceans and molluscs, peanuts and, in addition to State monopolies,

cereals. Tariff quotas and State monopolies affect imports of several other products, not to mention the numerous sanitary and phytosanitary regulations. Market opening measures by Japan in recent years with regard to certain agricultural products such as beef meat, some vegetables and citrus fruit, could bring about increased imports from developing countries, but perhaps to a lesser extent than developed country suppliers. Were Japan to open its market for rice, now severely restricted, a number of producers of developing countries would have the opportunity to expand their exports.

31. Non-tariff protection in the agricultural sector is afforded to a higher or lesser extent in other developed market-economy countries, ranging from relatively liberal regimes, as in New Zealand, to the heavily-protected agricultural sector, as in Austria and Switzerland. Import authorizations are required for some products in Australia; many agricultural products are subject to licensing, quotas, variable levies or State monopolies in Austria; Canada imposes quotas and prohibitions on some products; in Finland licensing and quotas restrict imports of most agricultural items and variable levies are imposed on certain imports; in New Zealand, imports of some products are channelled through organizations which have sole responsibility for import and distribution; in Norway, quotas, licensing or seasonal restrictions affect imports in the agricultural sector and State monopolies are established for imports of a number of products; and in Sweden, variable levies are applied to many products and imports in this sector are regulated through licences, quotas and State monopolies. Import permits are required in Switzerland for imports of a number of products; quotas and seasonal restrictions, sometimes combined with monopolization of import rights, restrain trade in agricultural products, which in many instances are subject to price surveillance and variable levies.

32. A matter of concern to developing countries is the high level of support to the agricultural sector in developed countries, placing developing country suppliers in a much less favourable competitive position. Estimates of assistance to producers in OECD countries for 1992 indicate that transfers measured by total PSE (Production Subsidy Equivalents) amounted to US$ 179.5 in 1992. 9/ Developing countries' exports of agricultural products are also hampered by numerous anti-dumping and countervailing actions by several developed countries. Strengthened disciplines which may be agreed upon with regard to these two issues in the Uruguay Round are of particular relevance for these countries and a requisite for increasing their trade prospects.

33. Calculations by the secretariat also indicate coverage ratios for high non-tariff measures in imports of products of the textile and clothing sectors from developing countries. While only a small fraction of textiles trade among developed countries is subject to restraints, 58 and 68 per cent respectively, of imports of textiles and clothing from developing countries were subject in 1992 to import restrictive measures in developed market-economy countries, reflecting mainly quotas agreed under the Multi-fibre Arrangement or similar agreements. The phasing out of the MFA and the integration of trade in the textile and clothing sectors into the GATT, which developing countries consider to be a high priority issue in the

Uruguay Round, is likely to provide developing countries with enlarged opportunities for expansion of their textile exports. However, developing countries fear that the modalities of the transition period may lead to the continuation of another decade of export restraints on important products.

34. The coverage of restrictive non-tariff measures was also high until recently on imports in the steel sector, owing mainly to numerous voluntary export restraint agreements (VERs) maintained by the EEC and the United States. The trade coverage ratio is considerably lower at present, because of the termination without renewal of these agreements in the EEC and the expiry in March 1992 of the Steel Import Programme and hence the VERs quotas in the United States. However, high levels of protection afforded to the steel industry in the United States may persist in the form of anti-dumping and countervailing actions, many of them against imports from developing countries. The long and costly procedures entailed for developing countries, the methods for the determination of dumping and subsidy margins which may be biased in favour of domestic industries and other factors tend to generate trade harassment, not to mention the increase in costs and uncertainty created among importers. While such measures may be legitimate when used to counter unfair trade practices of trading partners, they nevertheless constitute a serious hindrance to the expansion of trading opportunities for developing countries.

35. With regard to the product sectors which are proposed for full liberalization in the Uruguay Round (see section 3, para. 11 above), the coverage ratio of imports from developing countries subject to non-tariff measures in developed market-economy countries as a whole appears to be quite small in most cases (see table below). The table shows that only the pharmaceutical, steel and distilled spirits sectors are subject to the restrictive non-tariff measures (narrow definition) in a significant manner, while agricultural equipment, ceramic and glassware sectors are affected by measures which fall under the broad definition of NTMs, with small incidences as far as the application of the more restrictive measures. This suggests that dismantling of non-tariff measures in the three sectors (pharmaceuticals, steel and distilled spirits) affected by restrictive measures is a necessary condition to make effective any expected trade expansion through full liberalization of tariffs. In the 10 other sectors whose imports are subject to measures under the "broad" definition, tariff elimination alone may well bring about increased imports from developing countries, except for agricultural equipment, which faces anti-dumping and countervailing actions.

Import coverage ratios of selected non-tariff measures applied by developed market-economy countries a/
(Percentages)

Sectors proposed for liberalization	Imports (millions of US$)	Broad definition b/ of NTMs							
		Total	Autom. lic.	AD/CVD	Narrow definition c/ of NTMs				
					Total	Quantit. restrict.	of which		Price actions
							NAL/Q/P	SM	
Pharmaceuticals	796.4	9.8	1.8	0.3	7.8	7.8	7.5	0.3	0.0
Construction equipment	849.6	0.4	0.3	0.0	1.2	0.2	0.1	0.0	0.0
Medical equipment	1 235.7	1.8	1.3	0.0	0.5	0.5	0.5	0.0	0.0
Steel	6 808.8	28.2	26.4	6.3	17.3	0.0	0.0	0.0	17.3
Beer	178.5	0.2	0.0	0.0	0.2	0.0	0.0	0.0	0.1
Furniture	3 102.8	0.1	0.0	0.0	0.1	0.1	0.1	0.0	0.0
Agricultural equipment	115.4	6.2	0.2	6.0	0.0	0.0	0.0	0.0	0.0
Distilled spirits	7.1	31.8	24.0	0.0	7.9	7.9	2.8	5.1	0.0
Paper	3 298.4	1.8	0.3	1.3	0.2	0.1	0.1	0.0	0.0
Scientific equipment	1 017.7	1.2	0.2	0.0	1.0	1.0	1.0	0.0	0.0
Wood	9 950.4	0 3	0.2	0.0	0.2	0.2	0.2	0.0	0.0
Ceramics	1 525.2	4.2	0.3	2.6	1.3	1.3	1.3	0.0	0.0
Glassware	1 021.2	4.0	0.4	2.2	1.4	1.4	0.4	0.0	0.0

Source: UNCTAD Data Base on Trade Control Measures.

a/ Australia, Austria, Canada, EEC, Finland, Japan, New Zealand, Norway, Sweden, Switzerland and the United States.

b/ The "broad" group of NTMs includes certain para tariff measures, surcharges, variable levies, anti-dumping and countervailing actions, quantitative restrictions, import surveillance, automatic licensing and price control measures.

c/ The "narrow" group of NTMs includes quantitative restrictions (including prohibitions (P), quotas (Q), non-automatic licensing (NAL), "voluntary" export restraints and restraints under MFA and similar textile arrangements and State monopolies (SM)), surcharges, variable charges, price surveillance, minimum pricing and "voluntary" export price restraints.

B. The role of the GSP in expanding trading opportunities

36. The GSP has been in existence for a little more than two decades. It is a preferential tariff system under which products originating in beneficiary countries, most of them developing countries, are accorded reduced or duty-free treatment when imported by developed countries. Currently there are 164 independent beneficiary countries, including 19 Central and Eastern European countries in transition. However some of these beneficiaries are excluded from certain schemes.

37. The system consists of 16 separate schemes. 10/ The schemes are not identical although they do possess similar features. Each identifies the developing countries eligible for preferential treatment (beneficiary lists), the product coverage, and the extent of tariff cut. Also included are safeguard measures, particularly in the form of quotas or competitive-need limits on the maximum volume of imports of particular products that would receive preferential treatment, and the rules of origin which define the minimum extent to which a product is produced (or transformed) in a beneficiary country in order to qualify for preferential treatment. All the schemes include special measures to make it easier for products coming from the least developed countries to qualify for preferential treatment. While numerous modifications and improvements have been made in the GSP, these central features remain.

38. The cornerstone of the GSP is the preferential tariff treatment accorded imports from beneficiary developing countries. The GSP creates incentives for importers in preference-giving countries to source their imports from beneficiary countries in order to receive the benefit of lower or zero tariff rates. The magnitude of this incentive is the difference between the normal MFN tariff rate and the preferential GSP tariff rate (i.e. the preferential tariff margin). This incentive changes from product to product and from scheme to scheme. The incentive disappears completely for products not eligible for GSP treatment under the various schemes and for products denied GSP treatment owing to a priori limitations. Finally, the incentive further depends upon whether the product is produced or transformed according to the rules of origin of the scheme of the importing preference-giving country.

39. The GSP has proven to be a valuable trade policy instrument for the expansion of exports of developing countries. Any tariff reduction improves export market opportunities. A preferential tariff reduction further enhances export opportunities by providing an incentive for importers to substitute exports from developing countries for exports from non-beneficiary countries.

40. The pricing incentives of the GSP are actually much stronger than indicated by the preferential tariff margin. The tariff saving goes directly to the importers as incremental profits. For example, an importer might sell an import shipment for US$ 1,000. But the importer pays the foreign producer, covers the trade documentation costs in both the importing and exporting country, and pays for transportation and distribution as well as the tariff. The net profit might be a small share of the proceeds, say US$ 100. If the importer can save just 1 per cent of the final proceeds through a preferential tariff reduction (US$ 10), profits would be increased from US$ 100 to US$ 110;

this amounts to a 10 per cent increase in profits. Thus, relatively small preferential tariff margins can have relatively large effects on importers' profits.

41. Such profit effects provide two incentives for the importer: to switch sources of supply to beneficiary countries, and to increase the volume of imports. Both incentives lead to the expansion of exports from beneficiary countries. Such an increased export potential provides strong investment incentives by national and multinational corporations. However, in order to qualify for GSP treatment, the exported products must meet the minimal transformation requirements of the rules of origin. In fact the value added in the exporting beneficiary countries must be substantial. This often requires investment not only in facilities to assemble the final good, but also in the production of input materials and components. Thus, the investment incentives work their way upstream and contribute to more complete industrialization.

42. In 1991 US$ 68 billion in exports from developing countries actually received preferential GSP treatment in the markets of the OECD preference-giving countries. GSP trade has been growing at a rate of 14.5 per cent annually since 1976 when all of the major GSP schemes were in force. 11/ In comparison, total imports from these same developing countries increased by an average of 8 per cent annually. This very strong growth in GSP trade has resulted from an increase in export volumes of traditional products as well as the development of export capacity in non-traditional products. Thanks to this expansion and diversification of exports from beneficiary countries, it can safely be said that the GSP has played a positive role in promoting industrialization in developing countries.

43. There are a number of events that are likely to reduce the effectiveness of the GSP as a tool for increasing the exports of beneficiary countries. The first set of events involves regional trading arrangements between preference-giving countries or between preference-giving countries and developing countries. 12/ The North American Free Trade Area already provides measures leading to free trade between Canada and the United States; negotiations adding Mexico are nearing completion. There are a number of separate agreements between the European Communities and other European countries (both Western countries and those in transition) and between the EC and selected developing countries involving free-trade arrangements. These agreements increase the share of imports into preference-giving countries that enters duty-free, while simultaneously reducing the volume of imports facing normal MFN tariff rates. As such, these agreements erode the value of preferential tariff margins under the GSP, and thereby reduce the incentives for importers to switch sources of imports from non-beneficiary countries to beneficiary countries.

44. The second set of events relates to the inclusion of Central and Eastern European countries in transition as GSP beneficiary countries. The sharing of GSP trade among a larger number of beneficiary countries is likely to lead to a reduction in the volume of GSP trade enjoyed by any single beneficiary country. As with regional free-trade agreements, the expansion of the GSP beneficiary lists will erode the value of GSP preference margins for the initial beneficiary developing countries.

45. The third factor acting against beneficiary countries' interests would arise if the erosion of preferential margins on covered products were not compensated by deeper MFN cuts on non-covered products as a result of the Uruguay Round negotiations.

46. If the GSP is to continue to play a strong role in the expansion of export market opportunities for developing countries, given the erosion of the value of preferential tariff margins, it must be improved in a drastic way. In order to determine the potential for improving the GSP it is useful to examine trade under the existing schemes. The table below presents preference-giving country imports from the beneficiary countries for 1991.

OECD preference-giving country imports from GSP beneficiaries

	Product group	1991 US$ billion	% share
1.	All products	407	100
2.	Duty-free under MFN	129	32
3.	Dutiable products	278	68
4.	Dutiable products not covered by GSP	142	35
5.	GSP eligible products	136	33
6.	GSP eligible products not receiving GSP treatment	68	17
7.	GSP preferential imports	68	17

Source: TD/C/SCP/3, 4 March 1993, p. 49.

Memo: Utilization rate = 50 per cent, i.e. GSP preferential rate divided by GSP eligible.

47. Total imports by preference-giving countries from all beneficiary developing countries totalled US$ 407 billion during 1991. Almost one-third of this trade is admitted duty-free under MFN conditions; this trade is outside the scope of any preferential tariff system. Of the remaining imports of dutiable products which could benefit from preferential tariffs, roughly one-half (US$ 142 billion) involves products not eligible for GSP treatment. These products include petroleum, agricultural products, textiles, apparel and a host of other products considered import-sensitive by the particular preference-giving country.

48. Of the remaining US$ 136 billion in trade in products eligible for GSP treatment, only one-half actually receive GSP preferential treatment. Of the US$ 68 billion in imports of GSP eligible products that do not receive GSP treatment, US$ 34 billion goes to the EC, and US$ 13 billion each to Japan and the United States; these three markets account for almost 90 per cent of the trade in GSP eligible products that does not receive GSP treatment. In the

cases of the EC and the United States, some of this trade enters duty-free under other preferential tariff arrangements, including the Lomé Convention and the Mediterranean agreements for the EC, the CBI for the United States, the US-Israel Free Trade Agreement, etc. Nevertheless, a large amount of trade in GSP products is denied preferential treatment owing to a priori limitations and rules of origin.

49. To summarize the imports of preference-giving countries from the beneficiary developing countries:

- one-third enters duty-free under MFN conditions;
- one-third involves products not eligible for GSP treatment;
- one-third involves GSP eligible products;
- only one-half of the imports of GSP eligible products actually receives preferential treatment (i.e., 17 per cent of total trade).

50. Given the ongoing erosion of the value of the GSP advantages, what might be done to meaningfully improve the system? First of all, expand the product coverage. Currently US$ 142 billion in trade involves products not eligible for GSP treatment. Much of this trade is constrained by a number of factors (e.g., petroleum, which is subject to very small tariffs in the United States and primarily fiscal taxes in some of the other preference-giving countries). GSP duty-free treatment for this product is of only passing interest. Many textiles and apparel products are subject to quotas under the MFA; duty-free GSP treatment is unlikely to result in an expansion of trade volumes unless the MFA is modified significantly or terminated. Some agricultural commodities are subject to import quotas or variable levies pursuant to domestic farm policies. GSP treatment for such products would also be of limited value unless the basic farm programmes were also modified. There is thus no doubt that GSP preferences in these areas can provide real opportunities for developing countries, since these two sectors are of vital importance to their exports. The above notwithstanding, a careful examination of dutiable products not eligible for GSP treatment with a view of expanding the product coverage is likely to result in an important improvement in GSP benefits.

51. A second improvement is straightforward and would involve the granting of a full duty-free GSP. Thus, all preference-giving countries that provide for reduced but positive GSP tariff rates could reduce their GSP rates to zero. Such a step would partially offset the erosion of GSP preferential tariff margins pursuant to the Tokyo Round, the forthcoming Uruguay Round, and the implications of regional free-trade agreements. The Draft Final Act of the Uruguay Round provides for tariffication of all non-tariff measures in agriculture and phasing out the MFA. If these two changes are actually implemented, they will unavoidably result in high MFN tariffs on agricultural products and on textiles and apparel. While the granting of duty-free treatment to these products from the outset would be highly desirable, a pragmatic approach might be to grant a significant fractional duty-reduction initially, to be followed by a deeper preferential margin at a later stage.

52. A third improvement would aim to increase the utilization rates of the existing schemes. This would require the reduction or elimination of a priori limitations as well as further simplification and liberalization of the rules of origin. 13/ While there is considerable leeway for improvements regarding safeguard measures, political realities make success less likely. There is a strong linkage between the safeguard limitations and provisions for the graduation of the more competitive beneficiary countries. Improvements in the GSP regarding either of these issues might best be resolved through the simultaneous negotiation of both. Improvements in the rules of origin could be meaningful; however, the deliberations are likely to be very time-consuming given the technical nature of the issues. These two issues are at the forefront of current discussions by the Special Committee on Preferences.

Chapter II

IMPLICATIONS OF REGIONAL INTEGRATION ARRANGEMENTS FOR EXPORT MARKET OPPORTUNITIES OF DEVELOPING COUNTRIES 14/

53. Regional integration arrangements have attracted renewed interest in recent years. Existing arrangements are being revived, strengthened and extended, and new groupings are being formed. The effects of any integration scheme on welfare and growth and, more specifically, on export opportunities of developing countries is an empirical matter. They depend, in large part, on the particular configurations as well as the dynamism of the participating economies. Furthermore, the gains and losses of third-country trading partners are determined by the stage of development and competitive strength of their export supply capabilities. This chapter discusses possible implications of major regional integration schemes for export opportunities of developing countries.

A. The Formation of a Single EC Market

54. The formation of a single market by the EC marks an important development in regional economic integration in Western Europe. Although the EC did not suddenly become a homogeneous market on 1 January 1993, substantial progress has been made towards this goal.

1. Effects of higher income and improved competitiveness.

55. Economic growth in the EC is expected to increase as a result of static and dynamic gains from greater market integration. A major EC-funded research project estimated that the static gains in GDP from the removal of all internal cost barriers affecting trade and production would amount to 2.0 to 2.4 per cent (once-and-for-all effect). Over the medium term, e.g., about five years, the increase in GDP would be between 4.3 and 6.4 per cent if certain dynamic effects of market integration (e.g., economies of scale, competition effects on X-inefficiency and monopoly rents) were taken into account. 15/ Another study with a relatively greater focus on the dynamic gains of market integration concluded that the formation of the single European market might add between 0.2 and 0.9 percentage points to the EC's long-term growth rate. 16/ It is also expected that higher growth will stimulate imports from third-country trading partners.

56. The developing countries which will benefit most from trade creation in response to higher income growth are likely to be exporters of manufactures. Among them, the main beneficiaries will be the most competitive suppliers. The gains of developing-country exporters of raw materials would be modest at best. 17/ Growth in many agricultural products will continue to be constrained by the common agricultural policy (CAP) of the EC.

57. Trade diversion in favour of suppliers in the Community could occur as a result of trade-policy measures as well as due to gains in productivity and competitiveness of EC production that might follow from the formation of the single market. Evidently, diversion of trade is not a possibility in the case of primary commodities which are not produced in the Community. In

agriculture, cost decreases and hence greater competitiveness are unlikely as long as protection under the CAP persists unabated. 18/ Hence, trade diversion in this sector is likely to be mainly policy-induced.

58. Gains in competitive strength of EC industries are expected to be small in more traditional sectors, in particular labour-intensive and mature physical capital-intensive production branches, which account for the bulk of developing-country exports of manufactures (textiles and clothing, leather and footwear, iron and steel, electrical and electronic consumer goods, wood products, etc.). 19/ In many of these industries the EC is in fact losing, or has already lost, international competitiveness in lower and middle-market segments of product quality. Hence, the potential for major effects in favour of EC industries due to the formation of the single market is limited in these sectors.

59. Improvements in productivity and competitiveness are likely to be relatively greater in engineering and other R & D or skill-intensive industries of the EC (e.g., motor vehicles, telecommunications equipment, machine tools, more sophisticated office equipment, chemicals, pharmaceuticals, etc.). 20/ Many of these sectors had been particularly affected by the segmentation of the EC into national markets and are likely to have the largest potential for economies of scale. Hence, the comparative advantage of EC firms would shift further into skill- and technology-intensive goods.

60. Thus, developing countries with more advanced supply capabilities, in particular the newly industrializing countries, may meet with somewhat stronger competition in the EC (and the world) market for more skill- and technology-intensive manufactures (machine tools, transport equipment, more sophisticated electrical goods and office equipment, etc.). However, if the past performance of these developing countries is a guide, they will meet this challenge head-on. Greater intra-industry specialization in trade with the EC would allow them to maintain strong export growth. In fact, "their manufactured exports might increase at rates above the levels justified by past income and price elasticities". 21/ Hence, trade creation can more than offset the trade diversion effects.

2. The policy component. 22/

61. While the fears of a fortress Europe have not come true, the formation of the single market has not, on the other hand, led so far to any significant reduction in trade barriers against imports from developing countries. A large number of import restrictions at the national level, such as import quotas and VERs, have not been removed, and concern persists that some of them might be replaced by Community-wide import barriers. Whether they would be less protectionist in their impact remains to be seen. 23/

62. The removal of national import quotas or the elimination of national preferences by EC member States (with or without the introduction of new EC-wide restrictions) could redistribute trade in favour of the most competitive suppliers among the developing economies at the cost of those who are less competitive but who have enjoyed preferential access in some (or all) national markets of the Community. 24/ Furthermore, developing-country

suppliers of a number of food products (e.g., tea, coffee, cocoa) would benefit from harmonization of value-added and excise taxes at lower levels. More substantial progress towards the opening-up of the EC's public procurement market for producers outside the Community could also provide new export opportunities for some developing countries with relatively more advanced manufacturing supply capabilities. 25/

63. Moreover, the EC market will become more homogeneous in terms of technical standards, health and safety regulations and certification. While in the majority of cases the principle of "mutual recognition" of national norms is applied, uniform standards are adopted to a greater extent for products where there is a danger of adverse effects to health, safety or the environment. Mutual recognition or common rules should, in principle, benefit firms within the EC as well as outsiders, including exporters from developing countries. On the other hand, harmonization may in some cases take the form of scaling standards up rather than down. Thus, greater stringency in harmonized veterinary and phytosanitary rules could in particular affect exports of meat, fish and plants from developing countries. 26/ Furthermore, the requirement to adjust to new norms may create difficulties for developing-country suppliers.

B. The Europe Agreements

64. Over the past two years, the EC concluded association agreements with six Central and Eastern European countries in transition (CEET): Hungary, Poland, the Czech Republic, Slovakia, Bulgaria and Romania (the so-called Europe Agreements). These agreements provide for a substantial liberalization of trade in manufactured products. Thus, all quantitative restrictions on manufactures have been removed with the exception of quotas for textiles and clothing. Imports of the latter products have been liberalized to some extent. 27/ Still, tariff liberalization is being phased in for sensitive sectors and most agricultural products are excluded from the agreements. The limited number of agricultural products covered faces quantitative import restrictions.

65. Trade liberalization under the Europe Agreements is likely to enhance competition between exports from the CEET and the developing countries in the community market. 28/ Furthermore, trade preferences granted by the EC to developing countries face the danger of erosion, in particular the preferential market access of ACP and Mediterranean economies. Among the manufactured products of Central and Eastern Europe which compete with those from developing countries in the EC market are fertilizers, iron and steel, machine parts, textiles and clothing, and footwear. As regards agriculture, exports of temperate agricultural produce from developing countries would have to compete with such exports from the CEET (e.g., certain fruit and vegetables). 29/

66. Still, current levels of imports from the CEET into the Community are low, and supply constraints in these countries will not allow them to step up their exports dramatically in the short to medium term. Furthermore, while CEET countries may initially capitalize on their low wages vis-à-vis international trade, and more specifically in exports to the EC, most of them (except perhaps Bulgaria and Romania) are not expected to be competitive at

the low end of labour-intensive manufactures for very long. 30/ Hence, competition with such products from developing countries is likely to subside in a medium-term perspective.

67. These Europe Agreements can in turn be considered as a major contribution toward facilitating the transition process of Central and Eastern European countries to market economies, as they offer better market access and improve conditions for FDI. These Agreements should therefore help the CEET to restore the dynamism and growth of their economies while supporting their outward orientation and full integration into world markets. This reorientation process is now well under way in some CEET countries and has led to a rapid intensification of trade and economic cooperation, in particular with Western Europe. In this process, new opportunities should also arise for trade and economic cooperation between CEET and developing countries.

C. The North American Free Trade Agreement

68. While the North American Free Trade Agreement (NAFTA) between Canada, Mexico and the United States was signed over a year ago, the legislative process has yet to be completed. According to some estimates, Mexico could record a gain in income of about 3.5 percentage points in the medium term due to closer integration with the North American market, while income gains of the United States and Canada are likely to be less pronounced. 31/ Trade between Mexico and the United States is expected to increase significantly. Various estimations of the "once-and-for-all" impact on trade, if all barriers between the two countries were removed immediately, suggest increases of about 10 to 17 per cent for exports from Mexico to the United States and some 8 to 12 per cent for Mexico's imports from its northern neighbour. 32/ Mexican sales of textiles and clothing may experience particularly strong expansion. 33/ Extensive economic reforms by Mexico since the mid-1980s to open up and modernize its economy will help the country to meet in its domestic market the challenges of intensified competition that will result from the formation of the free trade area.

69. The impact of the removal of all trade barriers between NAFTA countries on their trade with the rest of the world is expected to be small. Thus, one study has calculated that exports from Mexico to the rest of the world would increase by about 2 per cent, while the increase of exports from the United States to the rest of the world would be negligible (0.04 per cent). 34/ Another study suggests that exports from the rest of the world to NAFTA countries and imports by the rest of the world from NAFTA countries are both likely to decline, but these declines would again be negligibly small (0.02 per cent and 0.006 per cent respectively). 35/ Hence, concerns of third countries regarding overall potential trade diversion do not find support in this study.

70. As a result of NAFTA, Mexico could become relatively more competitive in the United States market with export products which currently face trade barriers on entry into this market. 36/ Among the Mexican products which face trade barriers and compete in the United States with exports from other developing countries are iron and steel (mainly semi-finished items), electrical apparatus, 37/ clothing and footwear.

71. To what extent will improved market access of Mexico affect export opportunities of other trading partners? Answers to this question will be product- and country-specific. As a result of NAFTA, Mexico will move up in the hierarchy of preferential access to the United States market. This elevation may result in trade diversion from countries vis-á-vis which Mexico moves from a position of relative discrimination or equal treatment to a position of equal or better access. 38/ However, trade diversion is unlikely to occur in all such cases. For products which Mexico currently exports almost exclusively to the United States, it is reasonable to assume that the present level of import barriers is not an obstacle. In other cases, Mexico already has unrestricted access to the United States market, and hence the scope for any "NAFTA-induced" trade diversion is slight. Mexican exports of power-generating machinery and equipment and specialized machinery for particular industries are cases in point. However, in the textile, clothing and automobile sectors, more stringent rules of origin may create new barriers for third-country suppliers. On the other hand, the growth in income in the Mexican economy expected as a result of greater integration with the North American market will have a trade-creating effect and open up new export opportunities for other countries, including the developing economies.

72. Suppliers in the United States and Canada will benefit from unhindered access to the Mexican market. Hence, competition will increase in this market, in particular with regard to a number of manufactured products (e.g., steel manufactures, construction machinery, tractors, office machinery), for suppliers from third countries, including developing economies. 39/

D. REGIONAL INTEGRATION ARRANGEMENTS AMONG DEVELOPING COUNTRIES

73. Most of the regional integration arrangements concluded among developing countries from the beginning of the 1960s to the early 1980s did not lead to a large or sustained rise in intraregional trade (see table 1). The share of intraregional exports exceeds 10 per cent in only a few regional groupings. In world trade, all these arrangements have so far played only a small role.

74. Since the end of the 1980s, after critical reviews of their integration arrangements, developing countries have begun revising integration strategies and have set new targets for their implementation. In addition, new regional arrangements have been set up. The objectives vary from the establishment of preferential trade areas to the formation of free-trade areas, customs unions or common markets. Furthermore, there are renewed efforts to strengthen cooperation in monetary and financial policies, trade financing, infrastructure development and the expansion and diversification of production.

75. To illustrate, 40/ in Latin America the newly established Southern Cone Common Market (MERCOSUR) 41/ aims at the creation of a common market by the end of 1994, while the Andean Group 42/ will complete the formation of their common market by the end of 1995. ASEAN has launched its programme for the implementation of an ASEAN Free Trade Area (AFTA) over a period of 15 years. Two regional groupings have undergone substantial transformation: the South Asian Preferential Trade Arrangement (SAPTA) 43/ has included

preferential trade liberalization in its programme, and the South African Development Community (SADEC) 44/ established a new framework for market, financial and sectoral integration.

76. What is the potential of the new initiatives of regional economic integration for the creation of export opportunities for developing countries? Evidently, these initiatives need to be qualitatively different from past integration efforts if new export opportunities are to be opened up.

77. The integration arrangements should complement other economic policies of member countries aimed at the expansion and diversification of internationally competitive export supply capabilities within the regions. Integration schemes accordingly need to adopt an outward orientation rather than being vehicles only for import-substituting industrialization behind high external barriers. Furthermore, the removal of intraregional trade and investment barriers would have to be undertaken with greater determination than in the past and possibly in accordance with fixed schedules, in particular in sensitive sectors where protection is most ingrained. In this way, integration arrangements would contribute to the stimulation of competition within the regional market and induce a more efficient reallocation of resources at the regional level. Moreover, joint efforts to remove bottlenecks in transportation and communication will be crucial in regions where a weak infrastructure constrains trade both among members and with third countries. This would foster the expansion of exports within the region and open up new opportunities for third country trading partners in the regional market.

78. Evidence so far suggests that the previous emphasis on import substitution has given way to a more outward-oriented and market-based approach, both in the formation of new regional arrangements and in the reforms of older schemes. Moreover, member countries of regional arrangements - as many other developing economies - have increasingly embarked unilaterally on policy reforms aimed at the liberalization of their trade regimes. These reforms have been far-reaching in many cases and have created new trading opportunities for all partners. On the other hand, the potential of regional integration arrangements to create new trade flows at the regional level will be limited in groupings where supply capabilities of member countries are weak and their production structures similar and where markets tend to be small as per capita incomes are low.

E. Economic Integration in South-East and East Asia

79. Formal regional integration arrangements played a small role in the emergence of interdependent growth and the dynamic expansion of trade among a number of economies in South-East and East Asia. Developments were essentially "business-led", rather than policy-induced. Intraregional trade involving Japan and eight more advanced Asian developing countries 45/ increased from 34 per cent of their total exports in 1980 to 42 per cent in 1991. Hence, the share of intraregional trade expanded by about one quarter in a decade.

80. The main players in this process of growing interdependence have been firms, with their investment, production, sourcing and sales decisions. An

important driving force has been foreign direct investment. One of its important features has been the transfer of manufacturing activities from relatively more advanced economies to others which are in the process of catching up. Thus, labour-intensive and/or technologically mature industries (or stages of production) have been shifted from Japan to the Asian-4 46/ and ASEAN countries and subsequently, as wage levels rose in the Asian-4, from the latter to ASEAN economies. With the development of the Greater South China Economic Zone, China emerged as another low-cost recipient economy of foreign direct investment, in particular from Asia. 47/ Thus, intraregional capital exports have been a powerful force in increasing economic integration in South-East and East Asia. The process is set to continue with further relocations in the region to countries with abundant labour and even lower wages such as Cambodia, Laos and Viet Nam.

81. Foreign direct investment and shifts of manufacturing activities to lower-cost countries have taken place, particularly in textiles, clothing, electronics, machinery, transport equipment, steel and chemicals. The firms to which activities were relayed have been both local enterprises (mainly textiles, clothing and steel) and subsidiaries of TNCs. Investments tend to be export-oriented. The substantial procurement of production inputs from within the region, frequently via intra-firm trade, and to some extent exports of final products to the regional market, have contributed to export expansion at the regional level. Regional production networks, stretching over several countries, have emerged, in particular in the electrical and electronics industry (computers, telecommunications, copiers, video recorders, and so forth), but also in other sectors such as car manufacture, chemicals and textiles. 48/

82. Industrial investment in South-East and East Asia in line with shifting competitive positions has been encouraged by outward-looking trade and investment policies of many developing countries in the region and by China's open door policy. However, in spite of increased intra-regional trade, South-East and East Asia remain reliant on trade in the world market, in particular with the United States and the EC. There is strong support in the region for a strategy of "open regionalism" which does not undercut the multilateral trading system.

Notes

1/ These are markets for which information on tariffs and trade flows at the HS tariff-line level is available at the secretariat.

2/ Interested delegations of countries in the Ad Hoc Working Group may request from the secretariat detailed tables for specific products of their export interest, with detailed indication of market access conditions to ten developed market-economy countries, the EEC and a number of developing countries.

3/ The increase of exports following reductions of tariff rates by trading partners depends on a variety of factors, such as the depth of tariff reduction, the size of the market, the situation of the exporter as competitor

in the importing market, parameters related to the products concerned (elasticities), etc. Simulations of the direct effects, i.e. trade creation and trade diversion resulting from changes in the level of tariffs, can be made using SMART, a system developed by UNCTAD and the World Bank used in personal computers to analyse conditions of access to external markets and to assess possible effects of changes in tariff policies in importing countries.

4/ A simple (unweighted) average of duties gives an equal weight to each product, irrespective of its actual importance in trade. Using weighted averages as a pattern corresponding to the structure of imports may entail a downward bias, as the most prohibitive duties are given the lowest weights. Value-added embodied in the production of each good, or the relative values of products made by the industry are more appropriate alternative weights. These are, however, impossible to obtain in this exercise.

5/ The table does not show the rates under the various schemes but rather the rates applicable to eligible GSP beneficiaries.

6/ The agreement reached at the Tokyo Summit is described in greater detail in a forthcoming CRP document to be prepared for the present session of the Ad Hoc Working Group.

7/ See UNCTAD Trade and Development Report, 1993, Annex 2.

8/ Ibid., Table 20.

9/ See OECD Agricultural policies, markets and trade. Monitoring and outlook 1993, Paris 1992, p. 11.

10/ The countries or groups of countries granting preferences are Austria, Australia, Bulgaria, Canada, EEC, Finland, Hungary, Japan, New Zealand, Norway, Poland, Russia, Sweden, Switzerland, the United States of America and the Czech and Slovak Republics (both declared that they will continue to apply jointly the scheme of former Czechoslovakia).

11/ This calculation excludes Taiwan province of China, the Republic of Korea, Hong Kong and Singapore, owing to their graduation from the GSP scheme of the United States.

12/ See Chapter II below.

13/ A number of non-tariff measures limit GSP treatment. The most extensive application of such measures is by the EC. The EC has a very large list of GSP-eligible products, including import-sensitive items such as textiles and apparel; most of these measures were in force prior to the introduction of the GSP. Compared with the EC, Japan and the US have non-tariff measures that affect less than one-half the value of trade in GSP eligible products. Japanese non-tariff measures mainly cover textiles and apparel, food items and chemicals. Sugar accounts for the lion's share of the non-tariff measures of the United States; unlike the EC and Japan, textile and

apparel products are not eligible for GSP treatment. See "Review of the implementation, maintenance, improvement and utilization of the generalized system of preferences: The incidence of non-tariff measures on imports of GSP-covered products", TD/B/C.5/142/Supp.1, 16 April 1992.

14/ The analysis focuses on regional arrangements based on two-way trade preferences.

15/ See "The economics of 1992", European Economy, No.35 (March 1988), table 10.1.1. (the so-called Emerson Report). Note, on the other hand, A.F. Bakhoven, "An alternative assessment of the macro-economic effects of Europe 1992". In: H. Siebert (ed.), The Completion of the Internal Market, (Tuebingen: J.C.B. Mohr, 1990). The study estimates a rather low overall gain in GDP of 2.3 per cent on the assumption that the realization of the single market will remain incomplete.

16/ See R. Baldwin, "The growth effects of 1992", Economic Policy, vol.4, No.9 (1989).

17/ Income elasticities of import demand are below unity for raw materials. Moreover, technological progress in the EC as in other developed countries is, in large part, geared towards the saving of natural resources, which will increasingly delink the consumption of raw materials from economic growth. Environmental concerns also should dampen trade in a number of commodities. See also A. Matthews and D. McAleese, "LDC primary exports to the EC: prospects post-1992", Journal of Common Market Studies, vol.29, No.2 (December 1990).

18/ See also D. Robertson, "The Single Market and commercial relations for non-member countries: views from other countries without preferential arrangements with the EC", Journal of Development Planning, No.21 (1992).

19/ See also J.I. Haaland and V.D. Norman, "Global production effects of European integration", CEPR Discussion Paper 669 (London: Centre for Economic Policy Research, March 1992); UNCTAD, Trade and Development Report 1991, United Nations Publication, Sales No. E.91.II.D.15.

20/ See J.H. Haaland and V.D. Norman, "Global production effects of European integration", op.cit.; UNCTAD, Trade and Development Report 1991, op.cit.

21/ See W. Fritsch, "The Single Market and trade with non-member countries: views from developing countries without preferential arrangements with the EC", Journal of Development Planning, No.21 (1992).

22/ See also "Follow-up to the recommendations adopted by the Conference at its eighth session: evolution and consequences of economic spaces and regional integration processes", report by the UNCTAD secretariat, TD/B/40(1)7.

23/ If EFTA countries acceded to the EC, their GSP schemes would be replaced by the Community scheme. Export opportunities of developing countries in EFTA markets would suffer to the extent that Community GSP preferences are relatively less favourable.

24/ Such redistribution would, of course, only occur if new Community-wide restrictions did not continue to discriminate among supplier countries. Suppliers of bananas from ACP countries would in fact have lost significant market shares to more competitive Latin American exporters if the national restrictions in some EC countries on non-ACP Latin American banana imports had been removed without being replaced by new stringent Community-wide import barriers on non-ACP suppliers. See also S. Borell and Maw Cheng Yang, "EC Bananarama 1992", The Developing Economies, vol.30 (1992). High-cost producers of cane sugar in the Caribbean might suffer losses in the United Kingdom, their major market if the completion of the single market led to greater competition by beet sugar suppliers from continental Europe. See C. Stevens, "The Caribbean and Europe 1992: Endgame?", Development Policy Review, vol.9 (1991).

25/ See "The European Community as a world trade partner", European Economy, No.52 (1993), annex 1.

26/ For instance, slaughterhouses and meat-processing plants in third countries must apparently be licensed by EC inspectors in order to secure access for their products to the EC market. Similar restrictions may apply with regard to imports of fish and related products. The developing countries which are likely to suffer from more demanding import standards for fishery products include Mediterranean, African and South-East Asian suppliers.

27/ For a detailed analysis see "Industrieguetereinfuhren der EG aus Ost und Sued: Handelspolitik und Entwicklung". DIW Wochenbericht 23/93 (Berlin: Deutsches Institut fuer Wirtschaftsforschung, 10 June 1993).

28/ Competition may also increase in the EFTA market as EFTA countries have concluded similar free-trade agreements with the CEET.

29/ See also A. Halis Akder, "The Single Market and commercial relations with non-member countries: views from developing countries with preferential arrangements with the EC - the Mediterranean countries", Journal of Development Planning, No.21 (1992).

30/ See J. van Brabant, "1992, the revolutions in Eastern Europe and East-South-North relations", Journal of Development Planning, No.21 (1992).

31/ See D.K. Brown, A.V. Deardorff and R.M. Stern, "North American integration", Economic Journal, vol.102 (November 1992).

32/ The various studies are quoted in "Follow-up to the recommendations adopted by the Conference at its eighth session: evolution and consequences of economic spaces and regional integration processes", report by the UNCTAD secretariat, TD/B/40(1)7, chap. 3.

33/ See G. Bannister and P. Low, "Textiles and apparel in NAFTA. A case of constrained liberalization". The World Bank; Policy Research Working Papers, WPS 994 (October 1992).

34/ See United States International Trade Commission, "The likely impact on the United States of a free trade agreement with Mexico". USITC Publication, 2353, February 1991. Cited in: World Trade Materials, vol.3, No.3 (1991).

35/ See D.K. Brown, A.V. Deardorff and R.M. Stern, "A North American free trade agreement: analytical issues and a computational assessment", The World Economy, vol.15, No.1 (1992).

36/ For a more detailed analysis see "Follow-up to the recommendations adopted by the Conference at its eighth session: evolution and consequences of economic spaces and regional integration processes", report by the UNCTAD secretariat, TD/B/40(1)7, chap. 3.

37/ E.g., electrical resistors; electrical apparatus for switching/protecting electrical circuits; certain electronic components; electrical capacitators.

38/ Mexico's main competitors from developing countries in the market of the United States in iron and steel products are Brazil, the Republic of Korea, Taiwan province of China, and Venezuela. In electrical apparatus, Taiwan province of China is again an important competitor, besides countries in Central America and the Caribbean which benefit for such exports from duty-free access to the United States under the Caribbean Basin Initiative (CBI). The main competitors in clothing are large suppliers from South and South-East Asia, among them a greater number of high- and middle-income developing countries, as well as suppliers from Central America and the Caribbean with duty-free access under the CBI for some clothing items. As regards footwear, Brazil is the most important competitor, besides some countries in South and South-East Asia. See also "Follow-up to the recommendations adopted by the Conference at its eighth session: evolution and consequences of economic spaces and regional integration processes", report by the UNCTAD secretariat, TD/B/40(1)7.

39/ Developing-country exporters currently supplying such products to the Mexican market include Brazil, Argentina, China, Hong Kong and the Republic of Korea.

40/ For a more detailed analysis see "Follow-up to the recommendations adopted by the Conference at its eighth session: evolution and consequences of economic spaces and regional integration processes", report by the UNCTAD secretariat, TD/B/40(1)7, chap. 5.

41/ Argentina, Brazil, Paraguay, Uruguay.

42/ Bolivia, Colombia, Ecuador, Peru, Venezuela.

43/ Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka.

44/ Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia, Zimbabwe.

45/ China, Hong Kong, Indonesia, the Republic of Korea, Malaysia, Singapore, Taiwan province of China, Thailand.

46/ Hong Kong, the Republic of Korea, Singapore, Taiwan province of China.

47/ Another regional growth triangle is being created between Singapore, the Johor state in Malaysia and Batam island in Indonesia. Singaporean capital is seeking inexpensive land and labour, while Indonesia and Malaysia welcome foreign investment for export-oriented projects.

48/ See UNIDO: Industry and Development, Global Report 1990/91, Vienna, 1990. For instance, Japanese-owned electronics companies in ASEAN countries received in 1988 some 40 per cent of their inputs from affiliated firms in Japan and about one quarter from affiliated firms in other countries in the region. See A. Borrmann and R. Jungnickel, "Foreign investment as a factor in Asian Pacific integration", Intereconomics, vol.27, No.6 (November/December 1992), table 3. In the case of Japanese investments in the Asian-4 and ASEAN countries, exports from a number of production sectors (e.g., general and electrical machinery, precision machinery, transport equipment) have predominantly been shipped to Japan. See UNCTAD, Trade and Development Report 1990, United Nations Publication Sales No. E.90.II.D.6., chap. 3.

Table I

Illustrative list of products for potential export expansion for developing countries

Selected products with high MFN tariffs and substantial imports and market shares from developing countries

Market: CANADA

Product (broad description)	*Main suppliers*	*GSP (non-zero)*	*Other Preferences*
Agricultural products: palm oil, meat preparations, mushrooms	Malaysia; Brazil; China	12.5% (Palm oil)	CARIBCAN; LDC (palm oil)
Trunks; suitcases; handbags	Rep. of Korea; China	11.0-11.5%	LDC
Leather apparel and accesories	Rep. of Korea; China	15.0-16.5%	LDC;BPT
Textiles, clothing and accessories	China; Hong Kong; Taiwan prov. of China; Philippines; Rep. of Korea	10.0-16.5% (few items)	BPT; LDC (some items)
Bed linen; table linen; toilet linen and kitchen linen	Turkey; Brazil; Rep. of Korea	no	
Footwear	China; Taiwan prov of China; Rep. of Korea; Brazil	8.0-13.0%(few items)	BPT; LDC (some items)
Dolls; stuffed toys	China; Rep. of Korea	10.0%	BPT; LDC; CARIBCAN

Market: EUROPEAN COMMUNITY

Product (broad description)	*Main suppliers*	*GSP (non-zero)*	*Other Preferences*
Lamb, fresh or chilled	Yugoslavia	no	ACP
Fish, fresh or chilled	Morocco; Senegal; Chile; Seychelles	no	LDC; ACP
Fish and crustaceans, frozen	Seychelles; Panama; Bangladesh; Côte d'Ivoire; Chile; Cuba; Mexico; Argentina; Venezuela	4.0-7.0% (crustaceans)	ACP; LDC
Honey	Mexico; Argentina;	25.0%	LDC; ACP
Cut flowers	Colombia; Kenya; Israel	no	LDC; ACP
Potatoes	Egypt; Cyprus; Morocco	no	LDC; ACP
Mushrooms	China; Yugoslavia	6.0%	LDC; ACP
Bananas	Panama; Costa Rica; Ecuador; Colombia	no	ACP
Citrus fresh	Morocco; Israel; Tunisia	16.0% (mandarines)	LDC; ACP
Peaches grapes, fresh	Chile; Cyprus	no	ACP (peaches)
Vegetables oils (palm, palm kernel)	Malaysia; Indonesia; Côte d'Ivoire	11.0-13.0%	LDC; ACP
Prepared meat	Brazil; Argentina	17.0%	LDC; ACP

Table I (Cont'd)

Market: EUROPEAN COMMUNITY(Cont'd)

Product (broad description)	*Main suppliers*	*GSP (non-zero)*	*Other Preferences*
Prepared or preserved fish	Côte d'Ivoire; Thailand; Senegal; Philippines; Morocco	9.0-19.0% (some items)	LDC; ACP
Prepared or preserved crustaceans and molluscs	Thailand; Cuba; Chile	6.0%	LDC; ACP
Cocoa paste	Côte d'Ivoire; Cameroon; Brazil	11.0%	LDC; ACP
Vegetables preserved	China; Morocco; Brazil; Peru; Taiwan prov. of China	11.0-20.0% (some items)	LDC; ACP
Pineapples and other fruit, prepared or preserved	Thailand; Brazil; Philippines	6.0-12.0%	LDC; ACP
Fruit juices	Brazil; Argentina; Morocco	8.0-17.0%	LDC; ACP
Rum & tafia	Martinique; Trinidad and Tobago; Bahamas; Guyana; Jamaica	no	ACP
Coffee extracts, essences, etc.	Côte d'Ivoire; Brazil; Colombia	9.0%	LDC; ACP
Tobacco	Cuba; Brazil	n.a.	LDC; ACP
Textiles and Clothing	Hong Kong; China	no	LDC; ACP

Market: JAPAN

Product (broad description)	*Main suppliers*	*GSP (non-zero)*	*Other Preferences*
Cuttlefish & squid	Thailand	no	
Honey	China	no	
Vegetables preserved dried vegetables	China; Taiwan prov. of China; Rep. of Korea	7.5-10.0% (some items)	LDC (some items)
Chestnuts and other nuts	China; Rep. of Korea	no	
Bananas	Philippines; Taiwan prov. of China; Ecuador	12.5%	LDC
Pineapples, fresh or dried	Philippines; Taiwan prov. of China	no	
Fruit, frozen	Rep. of Korea; China	no	
Fruit, provisionally preserved	Rep. of Korea; Taiwan prov. of China;	no	
Black tea	China; Taiwan prov. of China	no	
Ginger	Thailand; Taiwan prov. of China	no	
Seaweeds and other algae	Rep. of Korea	8.0%	LDC
Molluscs, prepared or preserved	Rep. of Korea; Thailand;	9.0%	LDC

Table 1 (Cont'd)

Market: JAPAN (Cont'd)

Product (broad description)	*Main suppliers*	*GSP (non-zero)*	*Other Preferences*
Cane molasses	Indonesia; Thailand; Philippines	no	
Cocoa powder	Rep. of Korea; Singapore; Brazil	no	
Vegetables, preserved	China; Taiwan prov. of China; Thailand	no	
Groundnuts, preserved	China	no	
Fruit, preserved	Philippines; Taiwan prov. of China; Thailand	no	
Fruit juice	Brazil	no	
Non-alcohol. beverag.	Singapore; Rep. of Korea	no	
Petroleum oils	Singapore; Indonesia; Rep. of Korea	no	
Plywood	Indonesia; Malaysia	no	
Leather apparel	Rep. of Korea	no	
Textiles and clothing	Rep. of Korea; Taiwan prov. of China; China; Hong Kong	8.4%	LDC
Footwear	Rep. of Korea; Taiwan prov. of China	13.5%	LDC

Market: SWEDEN

Product (broad description)	*Main suppliers*	*GSP (non-zero)*	*Other Preferences*
Mushrooms	China	no	LDC
Clothing	Hong Kong; China; Rep. of Kore	no	LDC
Table linen; curtains	India; Thailand	no	LDC
Footwear	Rep. of Korea; Taiwan prov. of China	no	LDC

Market: UNITED STATES

Product (broad description)	*Main suppliers*	*GSP (non-zero)*	*Other Preferences*
Vegetables	Mexico; Guatemala; Peru	no	CBI
Fruit, fresh	Mexico; Chile	no	CBI
Fruit juices	Brazil; Mexico; Argentina; Philippines	no	CBI
Trunks, suitcases, handbags of plastic or textile material	China; Taiwan prov. of China; Rep. of Korea	no	

Table I (Cont'd)

Market: UNITED STATES (Cont'd)

Product (broad description)	*Main suppliers*	*GSP (non-zero)*	*Other Preferences*
Cases or containers, outer surface of plastic or textile materials.	China; Taiwan prov. of China; Rep. of Korea	no	
Textiles and clothing; clothing accesories	Taiwan prov. of China; Hong Kong; Rep. of Korea; China; Singapore; Philippines; Thailand; Indonesia; Mexico; Costa Rica	no	CBI (few items)
Footwear	Rep. of Korea; Taiwan prov. of China; China; Mexico; Philippines	no	
Tableware, kitchenware	China; Rep. of Korea	no	CBI
Glassware	Taiwan prov. of China; Mexico	no	CBI

Source: UNCTAD Trade Control Measures Information System

Note: Under the heading "Other Preferences", preferential tariff treatment for developing countries is indicated. The following abbreviations are used: ACP = EC preferential treatment for Africa, Caribbean and Pacific countries under the Lomé Convention; BPT = British Preferential Tariffs; CARIBCAN = Canadian Preferences for Commonwealth Caribbean Countries; CBI = United States preferential treatment under the Caribbean Basin Economic Recovery Act; LDC = Preferential treatment for the Least-Developed Countries.

Table II

Imports from developing countries, by tariff ranges of selected products facing high tariffs

(Millions of dollars)

Importing market	*All selected products*	*Percentage in total imports*	*Range of MFN applied rates (%)*				
			10.0 - 15.0	*15.1 - 20.0*	*20.1 - 30.0*	*30.1 - 50.0*	*over 50.0*
Canada	2676.9	23.0	944.1	247.2	1485.6	-	-
Japan	10 927.0	12.5	6 719.4	1 857.9	918.0	472.1	28.3
Sweden	240.1	6.3	240.1	-	-	-	-
USA	24 194.3	14.0	6 340.2	7 266.5	6 648.4	3 848.2	91.0
EEC	23 128.1	16.2	14 647.6	3 956.1	1 477.5	63.8	15.7
Total	61 166.4	14.6	28 891.4	13 327.7	10 529.5	4 384.1	135.0

Source: UNCTAD Trade Control Measures Information System

Table III

Frequency of imports from developing countries, by tariff ranges, of selected products facing high tariffs

(Number of national tariff-lines)

Importing market	*All selected products*			*Range of MFN applied rates (%)*													
				10.0 - 15.0			*15.1 - 20.0*			*20.1 - 30.0*			*30.1 - 50.0*			*over 5 0.0*	
	Total	GSP covered	PREF covered	Total	GSP covered	PREF covered	Total	GSP covered	PREF covered	Total	GSP covered	PREF covered	Total	GSP covered	PREF covered	Total	PREF covered
Canada	145	66	53	57	46	46	15	12	4	73	8	3	-	-	-	-	-
Japan	183	105	-	124	82	-	35	19	-	15	3		3	1	-	1	-
Sweden	40	-	-	40	-	-	-	-	-	-	-	-	-	-	-	-	-
USA	199	-	53	72	-	29	64	-	13	44	-	8	17	-	3	2	-
EEC	293	51	269	210	18	209	31	18	28	30	14	26	1	-	-	1	1
Total	860	222	375	503	146	284	145	49	45	162	25	37	21	1	3	4	1

Source: UNCTAD Trade Control Measures Information System

Table IV

Tariff escalation on products of export interest to developing countries

Tariffs applied on MFN basis and to beneficiaries of GSP
(Per cent ad-valorem or equivalent ad-valorem)

1. AGRICULTURAL PRODUCTS

Product	*USA*		*EEC*		*Japan*		*Canada*		*Sweden*	
	MFN	*GSP*	*MFN*	*GSP*	*MFN*	*GSP*	*MFN*	*GSP*	*MFN*	*GSP*
Vegetables										
Fresh	10.2	5.6	12.4	11.4	5.2	5.0	7.6	7.6	7.0	7.0
Prepared	10.5	6.2	15.4	11.8	15.9	13.0	10.0	10.0	5.8	4.3
Fruits										
Fresh	7.4	5.2	12.7	10.6	12.3	12.1	5.9	5.9	2.9	2.1
Prepared juices	11.3	9.0	25.2	20.3	23.4	22.2	8.3	7.6	2.7	1.4
Meat										
Bovine	4.5	4.5	.	.	25.0	25.0	1.1	1.1	0.0	0.0
Sheep & goat	1.4	1.4	.	.	0.0	0.0	1.7	1.7	0.0	0.0
Pig	0.4	0.4	3.0	0.0	2.9	2.9	0.0	0.0	0.0	0.0
Meat, salted	3.8	0.5	18.7	18.7	9.4	9.4	28.5	28.3	0.0	0.0
Meat, prepared	5.1	0.8	20.1	17.0	15.9	15.9	10.1	8.2	0.0	0.0

2. TROPICAL PRODUCTS

Product	*USA*		*EEC*		*Japan*		*Canada*		*Sweden*	
	MFN	*GSP*	*MFN*	*GSP*	*MFN*	*GSP*	*MFN*	*GSP*	*MFN*	*GSP*
Coffee										
Raw	0.0	0.0	9.0	6.3	0.0	0.0	0.0	0.0	0.0	0.0
Roasted, ground	0.0	0.0	15.3	10.3	13.3	13.3	0.5	0.5	0.0	0.0
Extracts, preparations	5.0	0.0	16.8	12.3	24.3	20.7	2.5	0.0	0.0	0.0
Tea										
In bulk	0.0	0.0	0.0	0.0	9.0	8.5	4.3	4.3	0.0	0.0
For retail	0.0	0.0	5.0	0.0	20.0	18.0	2.4	2.4	0.0	0.0
Extracts, preparations	5.0	0.0	12.5	6.5	24.1	22.0	2.0	2.0	0.0	0.0
Cocoa										
Beans	0.0	0.0	3.0	3.0	0.0	0.0	0.	0.0	0.0	0.0
Paste	0.6	0.0	15.0	11.0	15.0	7.5	0.1	0.0	0.0	0.0
Butter	0.0	0.0	12.0	12.0	2.5	0.0	0.0	0.0	0.3	0.0
Powder	0.7	0.0	16.0	16.0	21.5	15.0	10.0	5.0	0.9	0.0
Chocolate	5.8	0.9	13.0	8.5	25.0	22.3	10.0	4.3	5.0	5.0
Spices										
Unground-unprocessed	1.1	0.2	8.6	3.0	4.2	0.5	2.2	0.3	0.0	0.0
Ground-processed	3.4	1.0	7.8	3.6	3.8	0.0	3.0	1.0	0.0	0.0
Plaiting materials										
Raw	3.0	1.4	0.0	0.0	5.0	4.0	0.0	0.0	0.0	0.0
Plaits	6.3	0.5	4.4	0.0	4.0	0.7	9.7	6.3	4.9	0.0
Basketwork	8.5	3.2	5.7	0.0	6.5	0.0	12.8	8.1	4.9	0.0
Oilseeds										
Oilseeds	3.1	3.1	0.2	0.2	1.6	1.6	1.0	1.0	0.0	0.0
Vegetable oils	4.1	2.7	10.1	8.7	7.5	6.3	10.3	7.6	8.5	0.7
Fatty acids	6.3	3.5	5.8	1.3	4.0	1.1	10.1	10.1	0.9	0.0
Margarine	12.8	4.7	17.4	16.3	20.6	20.6	13.8	4.7	16.3	0.0
Tobacco										
Unmanufactured	59.1	52.1	18.3	16.1	0.0	0.0	8.0	3.6	0.0	0.0
Manufactured	106.7	98.1	66.6	50.9	8.4	8.4	17.3	11.9	3.1	0.0
Tropical fruits										
Fresh, dried	8.0	7.0	8.0	4.1	7.6	5.7	1.4	1.4	0.0	0.0
Preserved	8.2	8.2	26.9	20.9	36.4	36.4	0.0	0.0	0.0	0.0
Prepared, juices	0.7	0.0	20.5	20.5	22.5	22.5	15.0	15.0	0.0	0.0

Table IV (Cont'd)

Product	USA		EEC		Japan		Canada		Sweden	
	MFN	GSP	MFN	GSP	MFN	GSP	MFN	GSP	MFN	GSP
Tropical nuts										
Unshelled, crude	0.1	0.0	1.2	0.0	5.3	0.0	0.0	0.0	0.0	0.0
Shelled, prepared	10.0	6.5	15.2	8.8	19.5	16.7	5.4	0.0	0.0	0.0
Wood										
In the rough	0.0	0.0	0.1	0.1	0.3	0.0	0.0	0.0	0.0	0.0
Simply worked	0.0	0.0	3.2	0.0	2.8	0.6	1.4	0.0	0.0	0.0
Veneers, plywood	2.7	1.1	8.1	0.0	7.0	3.1	5.6	3.6	1.5	0.0
Wood articles	4.9	1.3	5.4	0.0	4.6	0.0	8.6	4.8	2.4	0.0

3. NATURAL RESOURCE BASED PRODUCTS

Product	USA		EEC		Japan		Canada		Sweden	
	MFN	GSP	MFN	GSP	MFN	GSP	MFN	GSP	MFN	GSP
Fish										
Unprocessed	0.8	0.2	11.1	9.2	6.7	6.5	0.9	0.8	0.0	0.0
Semi & processed	5.2	3.1	15.7	12.0	10.0	8.5	5.2	3.9	1.6	0.2
Forestry										
Raw materials	0.1	0.0	0.2	0.2	0.2	0.0	0.3	0.2	0.0	0.0
Semi-manufactured	3.6	1.4	5.2	0.0	5.8	2.0	4.8	2.7	1.3	0.0
Finished products	5.0	0.9	5.6	0.0	3.9	0.0	7.6	4.2	2.2	0.0
Metals										
Raw	1.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Unwrought	4.0	2.1	3.6	1.8	3.5	0.2	5.8	2.9	0.2	0.0
Wrought	3.8	0.0	6.9	0.0	5.1	0.0	6.7	3.3	1.9	0.0
Finished	5.0	0.2	6.2	0.0	4.3	0.0	8.8	5.3	3.5	0.0
Energy										
Raw	0.8	0.0	1.8	0.0	1.8	1.4	6.2	3.8	0.0	0.0
Semi-manufactured	1.3	0.3	1.9	0.9	0.2	0.0	1.8	0.7	0.1	0.0
Finished	1.8	1.0	2.9	0.0	3.5	2.2	6.9	4.5	0.0	0.0
Hides & skins										
Raw materials	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Leather	3.9	1.0	3.8	1.0	17.7	8.5	8.2	4.6	2.9	0.0
Articles	9.8	7.6	7.0	0.0	12.4	7.6	13.0	8.3	5.4	0.3
Paper & paperboard										
Semi-manufactured	1.7	0.0	8.4	0.0	3.5	0.0	6.3	3.8	2.0	0.0
Finished products	3.8	0.0	9.8	0.0	2.9	0.0	8.6	3.9	3.2	0.0
Iron & steel										
Raw	0.1	0.0	0.1	0.0	0.8	0.0	0.0	0.0	0.0	0.0
Semi-manufactured	5.3	5.0	5.5	0.2	4.1	0.0	7.9	7.4	3.9	0.0
Finished	4.3	0.7	5.3	0.0	3.5	0.0	8.9	5.9	4.5	0.0

4. TEXTILE PRODUCTS

Product	USA		EEC		Japan		Canada		Sweden	
	MFN	GSP	MFN	GSP	MFN	GSP	MFN	GSP	MFN	GSP
Textiles										
Raw materials	2.5	2.3	0.0	0.0	0.1	0.0	0.7	0.7	0.0	0.0
Slightly process	6.2	5.6	5.4	3.4	2.3	0.0	0.0	0.0	0.6	0.0
Yarns	9.?	9.1	11.2	9.2	7.0	0.0	6.1	1.2	4.9	1.0
Fabrics	12.7	12.3	20.0	17.2	10.4	0.0	8.3	3.7	11.6	6.5
Made-up articles	13.9	13.7	23.4	22.3	12.8	0.0	12.5	5.7	13.6	12.3

Source: UNCTAD Trade Control Measures Information System

Table V

Sectors proposed for tariff elimination and harmonization: imports and average tariff rates

(imports in millions of dollars; tariffs in per cent)

Market: CANADA

Sector	Imports from:				Tariff averages	
	World	*Developing countries*			*MFN*	*GSP*
	All items	*All items*	*Dutiable*	*GSP covered*		
Elimination						
All sectors	6919.8	559.3	391.1	287.9	6.8	4.3
Pharmaceuticals	43.1	2.4	2.3	2.3	8.5	5.7
Construction equip.	155.4	6.5	6.5	6.5	5.4	1.6
Medical equipment	98.3	6.5	5.4	5.4	4.2	1.9
Steel	533.7	226.8	103.2	-	8.2	8.0
Beer	33.6	3.7	3.7	3.7	4.4	0.0
Furniture	120.9	21.2	21.2	21.2	13.2	8.7
Agricultural equip.	463.2	1.7	0.2	0.2	4.0	1.5
Distilled spirits	59.3	0.0	0.0	0.0	1.6	0.5
Paper	2873.6	66.5	54.3	54.3	6.2	2.9
Scientific equipment	20.2	0.1	0.1	0.1	5.8	2.8
Wood	994.9	113.8	85.9	85.9	5.3	3.0
Ceramics	483.3	78.3	78.3	78.3	8.5	3.6
Glassware	740.5	31.8	29.9	29.9	8.2	4.8
Harmonization						
All sectors	14716.9	2767.9	2430.4	2430.4	11.9	9.0
Chemicals	8138.0	518.5	358.7	355.9	8.9	5.1
Textile raw materials	7.6	-	-	-	0.0	0.0
Text. slight. processed	0.6	-	0.3	-	5.4	3.4
Text. yarns & MMF	359.2	151.4	151.0	28.9	11.2	9.4
Textile fabrics	1467.8	387.4	360.0	69.3	19.7	16.9
Text. made-up articles	1875.7	1371.8	1371.7	69.4	23.3	22.2
Non-ferrous metals	1995.0	111.0	70.9	70.9	6.7	3.4
Fish & fish products	595.5	219.6	117.9	33.1	2.7	2.0

Market: EUROPEAN ECONOMIC COMMUNITY

Sector	Imports from:				Tariff averages	
	World	*Developing countries*			*MFN*	*GSP*
	All items	*All items*	*Dutiable*	*GSP covered*		
Elimination						
All sectors	38756.7	5966.9	3198.6	3198.3	6.0	0.1
Pharmaceuticals	414.6	31.0	31.0	31.0	6.0	0.0
Construction equip.	384.6	66.0	65.5	65.5	4.2	0.0
Medical equipment	549.9	5.1	4.0	4.0	4.8	0.0
Steel	1745.9	396.2	396.2	396.2	5.6	0.0
Beer	43.1	5.0	5.0	5.0	24.0	14.0
Furniture	582.8	186.5	186.1	186.1	5.0	0.0
Agricultural equip.	759.2	9.8	9.8	9.8	4.4	0.0
Distilled spirits	43.7	4.5	0.3	-	40.3	40.3
Paper	20698.3	1157.8	560.7	560.7	7.5	0.0
Scientific equipment	105.1	3.5	3.5	3.5	4.8	0.0
Wood	11109.0	3488.6	1324.5	1324.5	4.4	0.0
Ceramics	907.4	381.4	381.4	381.4	7.1	0.0
Glassware	1413.1	231.4	230.5	230.5	8.4	0.0
Harmonization						
All sectors	84385.4	33467.5	27599.3	25299.0	8.7	1.0
Chemicals	33139.1	5234.1	4403.7	4108.1	7.2	0.1
Textile raw materials	4428.0	1803.3	203.2	203.2	0.1	0.0
Text. slight. processed	202.4	104.7	104.7	104.7	2.3	0.0
Text. yarns & MMF	3652.3	1544.1	1535.0	1535.0	7.0	0.0
Textile fabrics	6670.1	3306.4	3306.4	3306.4	10.4	0.0
Text. made-up articles	15966.1	13348.7	13336.7	13336.7	12.8	0.0
Non-ferrous metals	13548.7	4570.6	1543.2	493.0	5.3	0.8
Fish & fish products	6778.7	3555.7	3166.5	2212.1	11.9	9.7

Table V (cont'd)

Market: JAPAN

Sector	Imports from:				Tariff averages	
	World	*Developing countries*			*MFN*	*GSP*
	All items	*All items*	*Dutiable*	*GSP covered*		
Elimination						
All sectors	16923.7	6366.1	3401.5	2829.3	3.4	0.3
Pharmaceuticals	82.2	2.8	2.8	2.8	3.6	0.0
Construction equip.	33.4	8.2	8.2	8.2	1.8	0.0
Medical equipment	202.7	1.7	1.6	1.6	2.1	0.0
Steel	2157.9	1823.3	1720.7	1720.7	4.1	0.0
Beer	56.4	3.4	3.4	3.4	4.5	0.0
Furniture	213.6	128.5	128.5	128.5	3.3	0.0
Agricultural equip.	77.5	2.1	2.1	2.1	3.4	0.0
Distilled spirits	466.9	0.2	0.2	-	22.7	22.7
Paper	3699.7	347.6	109.3	109.3	2.5	0.0
Scientific equipment	40.7	4.1	2.5	2.5	1.1	0.0
Wood	9180.2	3842.7	1230.6	658.6	4.3	1.2
Ceramics	202.9	51.4	51.4	51.4	2.9	0.0
Glassware	509.8	149.9	140.3	140.3	4.0	0.0
Harmonization						
All sectors	48145.4	22205.6	19592.4	13257.0	7.1	2.6
Chemicals	15172.2	2951.7	2531.9	2531.2	4.2	0.1
Textile raw materials	2894.4	1054.4	64.8	-	0.7	0.7
Text. slight. processed	309.1	134.9	-	-	0.0	0.0
Text. yarns & MMF	1318.4	1043.7	1042.6	337.9	6.1	1.2
Textile fabrics	2301.4	1270.7	1270.7	641.8	8.3	3.7
Text. made-up articles	6110.9	5167.7	5153.0	5153.0	12.4	5.7
Non-ferrous metals	9293.3	4215.1	3335.2	3335.2	4.1	0.1
Fish & fish products	10744.8	6367.5	6194.3	1257.9	7.5	6.9

Market: SWEDEN

Sector	Imports from:				Tariff averages	
	World	*Developing countries*			*MFN*	*GSP*
	All items	*All items*	*Dutiable*	*GSP covered*		
Elimination						
All sectors	3288.8	161.2	78.3	75.8	3.3	0.0
Pharmaceuticals	16.2	0.1	-		0.6	0.0
Construction equip.	94.9	3.3	3.3	3.3	3.3	0.0
Medical equipment	24.0	0.0	-	-	2.7	0.0
Steel	263.9	3.3	3.3	3.3	4.3	0.0
Beer	26.8	0.1	-	-	-	-
Furniture	187.0	14.3	14.3	14.3	3.3	0.0
Agricultural equip.	149.3	0.3	0.3	0.3	3.9	0.0
Distilled spirits	39.0	0.1	0.1	0.1	1.3	0.0
Paper	1107.1	21.5	8.4	8.4	2.0	0.0
Scientific equipment	18.2	0.1	0.1	0.1	2.4	0.0
Wood	828.2	96.4	27.4	25.0	1.3	0.0
Ceramics	223.0	15.3	14.7	14.7	5.2	0.0
Glassware	311.1	6.4	6.4	6.4	5.4	0.0
Harmonization						
All sectors	9912.1	1028.0	811.5	160.0	6.8	3.8
Chemicals	3051.4	148.5	84.9	84.9	3.9	0.0
Textile raw materials	12.3	1.4	-	-	0.0	0.0
Text. slight. processed	0.8	-	-	-	0.6	0.0
Text. yarns & MMF	256.6	23.9	18.8	4.8	4.9	1.6
Textile fabrics	733.0	103.7	60.8	22.6	11.6	6.5
Text. made-up articles	647.4	620.4	620.1	22.8	13.6	12.3
Non-ferrous metals	1387.2	74.5	21.1	21.1	1.4	0.0
Fish & fish products	423.3	55.6	5.8	3.7	0.6	0.1

Table V (cont'd)

Market: UNITED STATES

Sector	Imports from:				Tariff averages	
	World	*Developing countries*			*MFN*	*GSP*
	All items	*All items*	*Dutiable*	*GSP covered*		
Elimination						
All sectors	29297.3	5509.7	4507.1	3108.2	4.9	2.6
Pharmaceuticals	272.8	14.6	14.6	14.4	4.8	2.4
Construction equip.	330.5	121.4	121.4	121.4	2.7	0.6
Medical equipment	146.5	1.3	1.2	0.0	5.3	0.1
Steel	2480.0	571.3	571.3	-	5.4	5.0
Beer	834.8	162.0	162.0	162.0	1.9	0.0
Furniture	1152.1	602.0	602.0	602.0	4.4	0.0
Agricultural equip.	745.7	38.4	6.1	6.1	0.6	0.0
Distilled spirits	702.8	0.5	0.5	0.1	9.8	9.6
Paper	13238.6	1244.2	621.7	621.7	2.1	0.0
Scientific equipment	125.8	14.0	14.0	14.0	5.3	0.0
Wood	5537.6	1439.7	1146.6	686.9	3.5	1.1
Ceramics	2013.8	838.2	830.8	582.1	9.5	5.5
Glassware	1716.3	462.1	415.2	297.5	8.8	5.5
Harmonization						
All sectors	70708.8	33731.9	29239.0	5885.1	8.6	6.4
Chemicals	26535.2	5135.3	4231.4	3834.2	6.8	3.2
Textile raw materials	385.3	54.9	25.0	7.9	2.3	2.1
Text. slight. processed	2.0	0.3	0.3	-	6.2	5.6
Text. yarns & MMF	945.7	333.2	331.6	11.0	9.2	9.0
Textile fabrics	4100.0	1952.0	1841.9	107.7	13.0	12.6
Text. made-up articles	22903.7	20496.5	20485.5	296.9	15.4	15.1
Non-ferrous metals	10361.6	2533.9	1713.4	1470.7	3.9	0.7
Fish & fish products	5475.3	3225.8	610.0	156.7	3.1	1.7

Source: UNCTAD Trade Control Measures Information System

Table VI

Selected developing country regional arrangements: intraregional exports a/ (in per cent of region's total exports)

	Founded	Objective b/	1960	1970	1980	1990
AFRICA						
CEAO c/	1972	FTA	-	6.3	9.4	11.3
CEPGL	1976	FTA	-	0.4	0.1	0.6
ECOWAS	1975	FTA	-	3.0	3.5	6.0
MRU c/	1973	CU	-	0.2	0.8	0.3
PTA d/	1981	CM	-	8.4	8.9	8.5
UDEAC e/	1964	CU	1.5	5.0	1.7	4.6
LATIN AMERICA						
Andean Pact	1969	CU	0.7	2.0	3.8	4.6
CACM	1961	CU	7.0	25.7	24.1	14.8
LAFTA/LAIA	1960/1980	PTA	7.9	9.9	13.7	10.6
ASIA						
ASEAN	1967	FTA	4.4	20.7	16.9	18.6
MIDDLE EAST						
GCC	1981	CM	-	3.0	2.8	4.4
MEMORANDUM ITEMS						
ANZCERTA	1983	FTA	5.7	6.1	6.4	7.6
EC	1957	CM	34.5	51.0	54.0	60.4
EFTA	1960	FTA	21.1	28.0	32.6	28.2
Canada-US	1989	FTA	26.5	32.8	26.5	34.0

Table VI (continued)

Source: J. de Melo and A. Panagariya, "The new regionalism in trade policy", The World Bank (21 September 1992), table 1; A. de la Torre and M. Kelly, "Regional trade arrangements", Occasional Paper 93 (Washington D.C.: International Monetary Fund, March 1992), table 8; UNCTAD secretariat calculations.

a/ **CEAO** - Benin, Burkina Faso, Côte d'Ivoire, Mali, Mauritania, Namibia, Niger, Senegal;

CEPGL - Burundi, Rwanda, Zaire;

ECOWAS - Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo;

MRU - Guinea, Liberia, Sierra Leone;

PTA - Angola, Burundi, Comoros, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Somalia, Swaziland, Uganda, United Republic of Tanzania, Zambia, Zimbabwe;

UDEAC - Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Gabon;

Andean Pact - Bolivia, Colombia, Ecuador, Peru, Venezuela;

CACM - Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua;

LAFTA/LAIA - Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela;

ASEAN - Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore, Thailand;

GCC - Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates.

b/ PTA - Preferential Trade Area; FTA - Free Trade Area; CU - Customs Union; CM - Common Market.

c/ In effect since 1974.

d/ In effect since 1984.

e/ In effect since 1966.

Table VII

Intraregional trade in South-East and East Asia, 1980-1991
(in per cent)

Exports as a share of total exports	JAPAN (1)	ASIAN-4 a/ (2)	ASEAN (3)	CHINA (4)	TOTAL (Columns 1 to 4)
From/To					
JAPAN					
1980	-	10.1	11.8	4.0	25.9
1991	-	17.4	12.0	5.8	35.2
ASIAN-4					
1980	11.2	4.0	6.0	1.2	22.4
1991	13.7	7.1	9.1	2.3	32.2
ASEAN					
1980	29.7	6.6	16.8	1.7	54.8
1991	17.7	11.9	19.3	3.5	52.4
CHINA					
1980	n.a.	n.a.	n.a.	-	n.a.
1991	14.2	48.6 b/	5.6	-	68.4
MEMORANDUM ITEMS					
AUSTRALIA AND NEW ZEALAND					
1980	22.8	5.1	7.5	1.7	37.1
1991	26.3	12.4	9.6	4.0	52.3
UNITED STATES AND CANADA					
1980	8.8	4.3	3.4	1.6	18.1
1991	10.0	7.1	4.0	2.6	23.7

Source: UNCTAD secretariat calculations.

a/ Hong Kong, Republic of Korea, Singapore, Taiwan Province of China.

b/ Including transshipment trade through Hong Kong.

Table VIII

Intraregional trade in South-East and East Asia, 1980-1991
(in per cent)

Imports as a share of total imports	JAPAN (1)	ASIAN-4 a/ (2)	ASEAN (3)	CHINA (4)	TOTAL (Columns 1 to 4)
From/To					
JAPAN					
1980	-	4.2	17.5	1.6	23.3
1991	-	10.2	13.5	4.0	27.7
ASIAN-4					
1980	24.8	6.3	7.8	4.3	43.2
1991	20.7	9.0	7.6	6.1	43.4
ASEAN					
1980	21.7	5.9	14.1	2.6	44.3
1991	24.5	11.2	15.8	5.1	56.6
CHINA					
1980	n.a.	n.a.	n.a.	-	n.a.
1991	15.7	34.6 b/	5.9	-	56.2
MEMORANDUM ITEMS					
AUSTRALIA AND NEW ZEALAND					
1980	16.4	5.1	7.4	2.3	31.2
1991	16.9	7.3	6.9	3.5	34.6
UNITED STATES AND CANADA					
1980	11.4	5.9	4.4	2.5	24.2
1991	16.7	9.0	5.1	4.2	35.0

Source: UNCTAD secretariat calculations.

a/ Hong Kong, Republic of Korea, Singapore, Taiwan Province of China.
b/ Including transhipment trade through Hong Kong.